GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5372
ANSWERED ON:29.04.2005
HARASSMENT OF LOAN BORROWERS
Rawat Shri Bachi Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware of increasing incidence of ex-parte termination of loan contracts by certain finance companies and forcible taking away of vehicles or other goods from the borrowers;

(b) if so, the details of such cases which came to the notice of the Government during each of the last three years; and

(c) the steps taken/proposed to be taken to amendment of the relevant laws, by the Government and to check harrassment of borrowers at the hands of the financiers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b):- Reserve Bank of India (RBI) have reported that termination of loan contracts and seizure of the vehicles and other goods financed by the finance companies are governed by the terms of contract/agreement entered into between the borrower and financing company. The company and the borrower have to act as per terms of the contract/agreement. As such matters are not covered under the regulatory provisions of the RBI. Currently, details are not available.

(c) :- Does not arise in view of the position stated above.